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TO RUEHC/SECSTATE WASHDC PRIORITY 9371  
INFO RUEHBO/AMEMBASSY BOGOTA PRIORITY 3147  
RUEHOT/AMEMBASSY QUITO PRIORITY 0149  
RUEHLP/AMEMBASSY LA PAZ MAR 3138  
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 0322  
RUEHCV/AMEMBASSY CARACAS PRIORITY 9204  
RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 2310  
RUEHMN/AMEMBASSY MONTEVIDEO PRIORITY 8898  
RUEHBR/AMEMBASSY BRASILIA PRIORITY 6598  
RUEHAC/AMEMBASSY ASUNCION PRIORITY 1460  
RHEHNSC/NSC WASHDC PRIORITY  
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C O N F I D E N T I A L LIMA 001149

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DEPT FOR WHA/AND, WHA/EPSC, EB/TPP/BTA  
NSC FOR DAN FISK  
USTR FOR AMB. PORTMAN, SUSAN SCHWAB, AND BENNETT HARMAN  
COMMERCE FOR SECRETARY GUTIERREZ  
STATE FOR DEPUTY SECRETARY ZOELLICK

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TAGS: ETRD ECON PE

SUBJECT: PRIVATE SECTOR CALLS FOR DELAY OF FTA SIGNING

REF: LIMA 1096

Classified By: Ambassador J. Curtis Struble for Reasons 1.4 (b) and (d)

¶1. (SBU) Summary. The debate on when to sign the U.S.-free trade agreement has moved into the public forum, with representatives from several pro-FTA business federations publicly announcing that the signing of the agreement should be delayed until after the first round of elections on April 19. An editorial published in "El Comercio," Peru's largest daily, agreed with delaying the signing ceremony, but emphasized that the current Peruvian Congress should ratify the agreement before July 28 Presidential inauguration, as many of the current Congressmen have first hand knowledge of the agreement. End Summary.

Clear Message: Delay the Signing

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¶2. (C) After several weeks of quietly pushing the GOP to sign the free trade agreement after April 9, several pro-FTA business organizations went on record March 20, arguing that the GOP should wait until after the first electoral round in order to depoliticize the agreement. The Presidents of Confiep, Comex Peru, Lima Chamber of Commerce and the Association of Peruvian Agroexporters commented that the U.S. trade accord should not be a campaign issue, and an April 7 signing would effectively mobilize the anti-FTA camps. Jose Chlimper, President of Comex Peru and former Minister of Agriculture, highlighted that the Peruvian Government has not yet planned what will happen after the signing ceremony. He cautioned that the GOP should propose to Congress legislation to compensate those in the agricultural sector who could be injured by the FTA before the signing.

¶4. (SBU) The Association of Irrigation Farmers (JNURDP), which is not a member of anti-FTA Conveagro (the largest farmer's association in Peru), also publicly requested that the GOP not sign the trade agreement before April 9. In a March 23 advertisement published in several of Peru's largest newspapers, the JNURDP stated that a signing ceremony before

April 9 would create an adverse political, social and economic climate in Peru.

¶15. (SBU) Peru's largest newspaper, "El Comercio," ran an editorial March 23 urging President Toledo to delay the signing. The editorial explained that it would be better for Peru if the agreement was signed after April 9, but ratified by the current Congress before the inauguration of the next president on July 28. Justifying its position, "El Comercio" commented that many of the current Congressmen participated in the FTA negotiations and have an understanding of the issues at stake. A new Congress would have to start from ground zero and may be more inclined to want to renegotiate the agreement to obtain better terms for Peru.

Comment

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¶16. (C) These public comments by our trade accord allies reinforce what the Ambassador told President Toledo on March 16 (reftel): that the FTA adversaries are united but our friends are divided. Instead of focusing on when the FTA is signed, the GOP and private sector should jump start the pro-FTA campaign, highlighting the benefits for Peruvians. Regardless of when the agreement is signed, the Peruvians will need to increase public understanding and support for the agreement to ensure Congressional ratification before July 28.

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